



On The Home Front  
Weekly Column by Linda Skolnick

## It All Matters to the Underwriter

Did you ever wonder how your insurance company derived at your annual premiums? Did you imagine that there is a set fee schedule, and everyone is charged equally based on what they are insuring? Think again!

The goal of every insurance company is to set rates for insurance policies as closely as possible to the actual cost of claims. If they set rates too high, they will lose market share to competitors, but if they set rates too low, they will lose money. This continuous search for accuracy is good for consumers as well as insurance companies.

Two new tools linked to advances in information technology enable insurers to better assess the risk of future claims are "insurance scores" based on a person's credit history and CLUE (Comprehensive Loss Underwriting Exchange) a data base which provides claim history information.

Insurance scores help insurers differentiate between lower and higher insurance risks and thus charge a premium equal to the risk they are assuming.

CLUE and other property claims databases enable insurers to check the claim history of both the homeowner and the property the homeowner may be purchasing.

So, if you are thinking of purchasing a new home, and want to keep your insurance costs down, get a copy of the insurance loss history of the home you want to buy. Definitely get it inspected so you know that past problems have been properly repaired.

To reduce premiums, raise your deductible. Higher deductibles on your home could produce savings of 15-30 percent or more. Upgrade your home. Consider modernizing your heating and plumbing and electrical systems to reduce risks. Make sure to let your insurer know of these upgrades.

Improve your home security. You can usually get discounts of at least 5 percent for a smoke detector, burglar alarm or even dead bolt locks. Before you buy ,

find out what your insurer recommends, how much the device will cost and how much you will save on premiums. If you buy your home and auto policies from the same insurer, you may save as much as 15% overall.

Always maintain good credit. If you took good care of your bill paying and finances, it is likely you will maintain your house well too....which is a good risk for your insurer.

It is worth it to check around, but at the end of the day, most insurers will have access to similar information, so maintain your house and your credit, and you will be offered the best insurance protection at the lowest cost!